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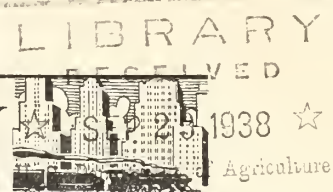
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Better Marketing

Division of Marketing and Marketing Agreements

• AGRICULTURAL • ADJUSTMENT • ADMINISTRATION •



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No. 3

PROGRAM FOR NEW YORK MILK MARKET IN EFFECT; FEDERAL-STATE ACCORD REACHED ON OPERATIONS

A Federal-State program regulating the handling of milk in the New York metropolitan marketing area became effective September 1 under complementary orders issued by the Secretary of Agriculture and the New York State Commissioner of Agriculture and Markets. Preliminary figures show that four out of five producers whose votes were expressed in a referendum August 15, 18, 19, and 20 supported the program. More than 60,000 dairymen in New York, Vermont, Massachusetts, Connecticut, Pennsylvania, New Jersey, and Maryland are affected by the program which applies to about 700 handlers in New York City and Suffolk, Nassau, and Westchester Counties in New York State.

Erskine M. Harmon, Dairy Section marketing specialist, has been designated to administer the Federal-State program. Mr. Harmon has served with the Dairy Section for the past 4 years, most of the time as field representative in the Northeastern region.

The Federal-State program establishes minimum prices to be paid by handlers to dairy farmers in the New York milkshed. Milk received from producers at handlers' plants would be priced according to nine classes of use. A uniform rate of return to farmers would be assured through the operation of a market-wide pool.

Federal-State Agreement

A policy of cooperative effort in all matters of mutual concern in the formulation and administration of complementary orders for milk marketing areas in New York State, issued concurrently by the Secretary of Agriculture and the New York State Commissioner of Agriculture and Markets, has been agreed upon as follows:

In order that the policies of cooperation embodied in section 10 (i) of Public Act No. 10, Seventy-third Congress, as amended and as reenacted by the Agricultural Marketing Agreement Act of 1937, and section 258-n of article 21 of the agriculture and markets law, State of New York, may have their fullest possible effect in spirit and in practice, the following principles of procedure are hereby mutually approved as the basis of cooperation in marketing areas in the State of New York in which Federal and State complementary and concurrent orders, rules, or regulations may hereafter be issued.

Joint Procedure

It shall be the policy of the Secretary of Agriculture and the Commissioner to act jointly in the formulation and issuance of orders, rules, or regulations.

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HEARING ON AGREEMENT FOR GEORGIA PEACHES

Proposal Developed by Growers Would Improve Quality of Shipments to Help Returns

Growers and handlers of Georgia peaches will consider a proposed marketing agreement program at a public hearing to be held September 15, at Macon, Ga.

Request for the hearing was made by a committee of nine growers representing all peach-producing districts of the State. The committee was established by the industry to develop the marketing agreement program.

Under the proposal all peaches for interstate shipment would have to conform to the maturity standard defined in United States grading regulations. Another major provision makes optional the use of grade and size limitation regulations, according to the variety of peaches, when market conditions warrant. Federal-State inspection of all interstate shipments of peaches would be compulsory during the operation of the program. Exemptions from grade and size regulations could be obtained by a grower if these regulations restricted him from shipping a share of his crop comparable to the average amount shipped by all growers.

Administration would be in the hands of a committee of seven growers chosen to represent the various peach producing districts. A committee of five shippers, three to represent the three largest marketing agencies and two to represent all other agencies, would act in an advisory capacity.

The proposed plan represents a move on the part of the Georgia peach industry to put in operation a permanent marketing program in order to meet seasonal marketing problems as they arise.

BUYING OPERATIONS AID DAIRY PRODUCTS MARKET

Relief Purchases and Stabilization Operations Help Producers Meet Problems Due to High Production

Nearly 60,000,000 pounds of dairy products have been acquired by the Federal Surplus Commodities Corporation since the beginning of this year under programs designed to improve selling conditions for producers by removing price-depressing surplus supplies and distributing them to the States for relief use.

In addition, the Dairy Products Marketing Association, organized last June by producer cooperative organizations, is conducting price-stabilization operations by buying butter with funds obtained through a Commodity Credit Corporation loan.

Up to the middle of June, the Federal Surplus Commodities Corporation had bought 14,031,000 pounds of butter for relief distribution. An additional 10,000,000 pounds are being bought by the Corporation from supplies acquired by the Dairy Products Marketing Association. Purchases of cheese for relief use total 3,445,000 pounds, and purchases of dry skim milk amount to 30,161,000 pounds so far this year.

Surplus in Hand

Since the middle of June the Dairy Products Marketing Association has acquired over 70,000,000 pounds of butter in its price-stabilization operations. The quantity of butter obtained by the Association is estimated to represent about one-third of the total current storage stocks. This amount is about equal to the excess which the total storage supply this year is over the supply last year.

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Northwest Winter Pear Marketing Agreement Discussed at Hearings

Public hearings have been completed on a proposed marketing agreement program to govern shipments of winter pears grown in Oregon, Washington, and California.

The hearings were held August 26 at San Jose, and August 27 at Placerville, Calif.; August 31 at Hood River, Ore.; September 1 at Yakima; and September 2 at Wenatchee, Wash. The hearings were held at the request of growers and shippers, who represent approximately 70 percent of the winter pears grown in these three States.



F. R. WILCOX, *Director*

BETTER MARKETING is issued as a means of communicating to workers and cooperators of the Division of Marketing and Marketing Agreements information relative to the Division's activities under the Agricultural Marketing Agreement Act of 1937 and related Acts

UNITED STATES
DEPARTMENT OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.

NATHAN KOENIG • *Editor* • BETTER MARKETING

NEW YORK MILK

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ance of complementary and concurrent orders regulating the acquisition of milk by handlers and milk dealers who market or in any manner participate in the acquisition, processing, or distribution of milk to be marketed in such marketing areas as may be defined in such complementary and concurrent Federal and State orders, and in pursuance thereof to jointly arrange for cooperation in the conduct of preliminary investigations, to hold joint or concurrent hearings, to jointly consider the facts contained in the record of such hearings, and to maintain a mutual exchange of views conducive to common agreement upon all essential provisions prior to the issuance of either order. The same policy of joint action shall be followed with respect to modifications of or amendments to such orders.

Uniform Provisions

The Secretary of Agriculture and the Commissioner shall, in their respective complementary and concurrent orders for marketing areas within the State of New York, establish (a) identical classifications of milk to which comparable prices, inclusive of authorized assessments, fees, adjustments, or deductions, shall apply, and (b) identical differentials or other terms or conditions of purchase and acquisition and payment to the extent authorized by the respective Federal and State statutes. In the event any method of payment to producers or associations of producers is prescribed by both orders applicable to the same marketing area, provisions for such method shall be so drawn in the respective Federal and State complementary and concurrent orders that the plan of uniformity for all producers or associations of producers supplying the market will not be altered in any way by the fact that the acquisition of such milk or the payment therefor is deemed to be governed by either order. The contents of any such order issued by the Secretary of Agriculture or by the Commissioner shall be limited to terms, conditions, and prices relative to the acquisition of milk by handlers and milk dealers, and accounting and settlement therefor, and the administration thereof.

It shall be the policy of the Secretary of Agriculture and the Commissioner to exchange all information essential to the proper administration of their respective complementary and concurrent orders and relative to transaction within the regulatory jurisdiction of such authorities. The confidential nature of information so exchanged shall be subject to the requirements of section 10 (i) of Public, No. 10, Seventy-third Congress, as amended and reenacted by the Agricultural Marketing Agreement Act of 1937, and, on the part of the Secretary of Agriculture, to the provisions of the agriculture and markets law, State of New York, and in either case subject to such rules and regulations as may be issued under the respective Federal and State statutes.

Administrative Agency

The Secretary of Agriculture and the Commissioner shall utilize one and the same agency for the administration of each respective complementary and concurrent order, which shall be a market administrator who is approved and designated as such by both the Secretary of Agriculture and the Commissioner. The duties of the market administrator shall be confined to the administration of the orders pursuant to which he has been designated, and, while serving in such capacity, the market administrator and such personnel as may be employed by him shall not be utilized by either the Secretary of Agriculture or the Commissioner, during the period of employment, in the administration of any other orders or of the terms or conditions in any other orders not common to both. All employees shall be under the exclusive direction of the market administrator and may be utilized to carry out any of his duties. Nothing herein shall be deemed to prevent the Secretary of Agriculture or the Commissioner from designating the same person as the market administrator of complementary and concurrent orders issued for each of two or more marketing areas within the State of New York.

Finances

Expenses incurred in the maintenance of the market administrator's office shall be paid by assessments or deductions made and collected for this purpose pursuant to the respective complementary and concurrent orders applicable to the same marketing area. Disbursements from the funds so collected shall be at the direction of the market administrator, subject to the audit of both Federal and State authorities. Such assessments or deductions shall be identical in rate and shall be made in such a way that uniformity under the Federal and State orders in returns to producers and gross cost to handlers or milk dealers, inclusive of such assessments or deductions as the case may be, shall not be affected by the manner of making the assessment or deduction under the respective orders.

Administrative expenses shall constitute only those expenses incurred in the performance of the duties of the market administrator as set forth in the respective complementary and concurrent orders applicable to a given marketing area as distinguished from overhead in-

curred by the Federal or State governments in the administration, supervision, and enforcement of such orders.

Administration

The market administrator designated under complementary and concurrent orders shall use a uniform system in securing periodical reports from handlers and milk dealers, in auditing and verifying the same and in making any and all necessary corrections or adjustments. The general policy of cooperation shall be understood to extend to the interpretation or application of uniform or similar provisions. It is also understood that whatever periodical reports are required to be made by the market administrator to the respective central offices of the Federal and State governments, shall be uniform. Likewise the books, records, and accounts of the market administrator shall be open for inspection and audit to both the Secretary of Agriculture and the Commissioner.

Enforcement

The failure of any person to comply with any of the provisions of a complementary and concurrent order shall be regarded as of mutual concern, and the respective governmental authorities shall be kept fully advised in regard thereto so that a cooperative effort may be made to decide upon a proper course of action. In all matters affecting enforcement of their respective complementary and concurrent orders applicable to the same marketing area, the Secretary of Agriculture and the Commissioner will undertake, both severally and jointly, to utilize all means at their disposal for the effective enforcement of such orders.

Interstate Cooperation

In recognition of a common interest in the regulation of marketing conditions on the part of duly constituted authorities of the State in which the marketing areas are located and those of the States from which substantial quantities of milk flow to such marketing areas, and with a view to encouraging coordination of effort in the regulation thereof, the Secretary of Agriculture and the Commissioner will follow the policy of inviting consultation with such authorities from time to time in matters of mutual interest arising in connection with the formulation, modification, or administration of complementary and concurrent orders applicable to marketing areas within the State of New York.

Toledo Area Milk Marketing Plan Becomes Effective September 16

A milk marketing program for the Toledo, Ohio, area will become effective September 16 under an order applicable to handlers. The program is designed to improve selling conditions for approximately 2,000 milk producers in 11 counties of northwestern Ohio and southern Michigan.

Milk sold to handlers would be classified into three use classifications and handlers would be required to pay producers fixed minimum prices for each class. Payments to producers would be made through individual handler pools.

WHEAT EXPORT PROGRAM TO HELP MOVE BIG CROP

Foreign Sales of Wheat and Flour To Be Encouraged Through Indemnity Payment Plan

Exports of wheat and flour are being aided under a program which provides for indemnity payments to encourage exporters to sell abroad an increased portion of this year's big wheat crop. The export sales policy is expected to result in United States exports during the current season of approximately 100 million bushels of wheat including 5 million barrels of flour.

The program provides for purchases by the Federal Surplus Commodities Corporation from domestic producers and others and resale to exporters with the differences in buying and selling price made up from funds made available under section 32 of the 1935 amendments to the Agricultural Adjustment Act. This section makes available 30 percent of annual customs receipts for removing farm surpluses and encouraging domestic and foreign sales.

A revolving fund of \$30,000,000 borrowed from the Reconstruction Finance Corporation has been set up by the Federal Surplus Commodities Corporation. In carrying out the program, facilities of the regular wheat and flour trade, including farmer cooperatives, will be used. The sales program is similar to that followed by the Canadian Wheat Board. First wheat purchases were made August 27.

The export program supplements the 1939 wheat acreage allotment both of which are aimed at a better balance of supply to market demand. The estimated crop this year of 956 million bushels, plus a carry-over of 154 million bushels, gives this country the largest supply since 1932-33, while the estimated world crop is the largest on record.

Objective of Plan

The export program is for a specified limited objective of 100 million bushels which is about 18 percent of the estimated world trade in wheat for this season. That compares with approximately 20 percent last season and an average of about 25 percent during the years 1920 to 1929.

An offer and acceptance method will be followed under which exporters will make offers for wheat based upon the price prevailing in the export market.

It is impossible to determine in advance how much per bushel will be required to move the wheat and flour into export, as this will depend upon the prices prevailing in this country and the price at which it can be exported.

The program will operate entirely in cash wheat with no buying and selling contemplated on the futures contract markets. Types of wheat exported will depend upon demand. Normal exports are comprised chiefly of hard red winter wheat produced in the Southwest, soft white wheat grown in the Pacific Northwest, and durum, raised chiefly in the Dakotas and Minnesota.

The Federal Surplus Commodities Corporation will purchase wheat in the interior or at ports. Offers to export will then be received from exporting firms, including flour millers. A bond will be required guaranteeing export.

Offers will be received from time to time in various quantities and are subject to acceptance in whole or in part. If the wheat is purchased for delivery in store, a negotiable warehouse receipt must be furnished. If purchased f. o. b. cars, the seller must furnish at his expense, official inspection and weight certificates issued at origin or destination, whichever governs delivery under the accepted offer. In cases where delivery is to be made at inland points and inbound tonnage is to be furnished, such tonnage must have at least 60 days to run before expiration. Delivery of a quantity of wheat which does not vary in excess of 2 percent from the contracted quantity will be considered as satisfactory performance provided such variation does not exceed 100 bushels.

Wheat and Flour

There is this difference between the wheat and flour programs. The wheat is purchased by the Federal Surplus Commodities Corporation and offered to exporters for resale. On wheat flour, indemnities are paid direct to flour exporters based on the difference between the domestic price and prices in foreign markets at the time of sale. Payments will be made on flour sold for export not later than June 30, 1939, and actually exported before August 15, 1939.

Because of the continuous fluctuations in the price of flour in principal world markets and because of the many varieties of American wheat used in making flour, no rigid formula for determining flour indemnities can be drawn up in advance. Rates of payment will be announced periodically.

Industry to Act on Fort Wayne Milk Marketing Program Changes

An amendment to the Fort Wayne, Ind., milk-marketing agreement and order has been tentatively approved and submitted to the industry for final action. The amendment lowers minimum prices to be paid producers, classifies milk in two instead of three classes, establishes a formula for the computation of the uniform minimum price, and drops the base-rating plan.

The decrease in the price of class 1 milk is based upon the recent decline in the prices of feeds and increased feed supplies, the increase in the quantity of milk delivered to the market during recent months, and the slight decrease in the demand for fluid milk and cream. The price of class 2 milk is in line with competitive conditions relative to the purchase of milk for conversion into the products included in that class.

The marketing agreement program complements an Indiana Milk Control Board order for the Fort Wayne market. The Federal program has been in effect since February 1, 1937. The amendment is based upon evidence obtained at the hearing held at Fort Wayne July 6.

COTTON BALE COVERING AVAILABLE UNDER PLAN

Offer of Mill Accepted to Manufacture Bagging Material for Sale in Testing New Cotton Use

An offer made by the Lane Cotton Mills Co. of New Orleans, La., has been accepted for the manufacture of 1 million patterns of cotton bagging to be used as a covering for cotton bales under a diversion program launched in July by the Agricultural Adjustment Administration.

The company, which was the low bidder, will supply the entire quantity of cotton patterns called for in this program, comprising enough to cover 1 million bales, at a cost per pattern of not more than that of ordinary bale covering.

The program makes possible the first comprehensive and widespread use of cotton as bagging material—a purpose long advocated by cotton growers and cotton mills.

The company offered to supply the cotton bagging at an indemnity payment of 28 cents per pattern, plus a selling price of 45 cents per pattern, f. o. b. the mill, as specified in the program. Thus the over-all cost of cotton patterns under the plan will amount to 73 cents each, representing about the same price at which new bale coverings made of other materials may be bought.

The low price at which growers, ginners, and oil mills in the one-variety and improved cotton communities may

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Producer Approval Late Potato Program Short by Small Margin

Incomplete returns indicate that 65 percent of the potato growers who voted in a recent referendum on a proposed marketing agreement program for 15 late producing States favored the plan. The vote appears to be 1.5 percent less than the two-thirds favorable percentage required in order to put the program in effect. More than 17,000 producers voted in the referendum.

Ballots from 492 out of 551 counties in the 15 States in which the referendum was held show a total of 11,372 producers in favor of the program and 6,116 voting against it.

In 9 out of the 15 States the percentage of favorable producer votes was more than two-thirds, while the program appears to have received less than a two-thirds vote in 6 States.

Based on incomplete returns, a favorable vote ranging from about 72 percent to nearly 93 percent was cast by growers in Colorado, North Dakota, Michigan, Minnesota, Wisconsin, Washington, Oregon, Utah, and California. In New York the favorable vote as indicated in returns from 52 out of a total of 62 counties is 66.5 percent. Complete returns from New Jersey show a favorable vote of only 21.6 percent, while 8 Nebraska counties out of 11 in which the referendum was held show only 14.6 percent of the growers voting in favor of the program. The vote for the program was 53.1 percent in Maine, 58.4 percent in Wyoming, and 55 percent in Idaho.

Export Sales of Select Cotton To Be Encouraged Under Program

A total of not more than 20,000 bales of cotton will be selected from one-variety communities and carefully ginned and baled under a program designed to improve marketing practices and to demonstrate to foreign spinners the high quality of American cotton being produced in one-variety communities.

Marketing agencies will buy the cotton from growers on a net weight basis and will be sold abroad on the same basis. The cotton will be sampled at the gin and information as to variety, grade, staple, and point of production will be retained and made available to foreign purchasers. The cotton will be sold to foreign spinners in lots assembled from the same one-variety area.

In order to insure the selected cotton being available for this program, the co-operating marketing agencies will pay 10 points, or 50 cents per bale, above the local market value for cotton of corresponding grade and staple. To offset this higher price and to remunerate for the additional expenses involved in the special handling prescribed under this program, payments of \$3 per bale will be made to the cooperating marketing agencies.

DAIRY PRODUCTS BUYING

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and the corresponding last 5-year average for this part of the season.

Relief distribution to the States of the 10,000,000 pounds of butter being taken from the Dairy Products Marketing Association is to be completed within the next few weeks. Additional supplies from the Association's holdings are to be taken as need arises. Under the program, butter held by the Association will be available to the trade only at prices representing a moderate seasonal increase, or be taken over for relief use.

Prices Maintained

The operations of the Dairy Products Marketing Association have stabilized the Chicago wholesale price of 92-score butter at 25.25 to 25.5 cents per pound with comparable prices for other grades and markets. This current price is 8.6 cents, or 25 percent, below the average for September of last year. Creamery butter production during the 3-month period, May through July, exceeded by 37 million pounds the production during the same period last year and the corresponding 5-year average. Butter consumption in regular commercial channels has continued at a level at least equal to that of last year and is showing some tendency to increase. Retail prices at which consumers are buying butter reflect the lower level at which butter is selling this season compared with a year ago.

By buying butter during the flush period of the year when prices are low and making supplies available on a cost plus basis to the trade during the winter months when supplies are short, the program operated by the Dairy Products Marketing Association serves a two-fold purpose. For the dairy farmer, it brings greater stability to the butter prices and eliminates the extremely low dips which

MARKET PACT FOR HOP INDUSTRY IN EFFECT

Program Seeks to Improve Selling Conditions for Growers in Three States

A marketing agreement program for hops produced in Oregon, California, and Washington became effective August 15.

The program, under an agreement and order, provides for the establishment of a "salable quantity" of 28,500,000 pounds of hops for 1938. The salable quantity for 1939 hops will be determined by the Secretary on the basis of available information pertaining to the production of hops in 1939, the carry-over from previous crop years, and total consumptive demand.

The program provides for the allotment to each grower of his proportionate share of the salable quantity for each year, based on the quantity he produces. Allotment certificates, designating individual salable quantities, are required and hops produced prior to 1938 must be certified when handled at any time after the agreement has been in effect for 30 days.

New Marketing Agreement Program For Package Bees and Queens

A marketing agreement and order for handlers of package honey bees and queen bees produced in the United States became effective September 6, replacing a program under an agreement and license in effect since May 1934.

Handlers of bees and queens are required to file with the control committee administering the new program the prices at which they offer bees, comb packages, and queens for sale, and to sell at the prices at which they have filed. Certain unfair methods of competition and unfair trade practices are prohibited under the program.

prices take during peak periods of butter production when buyers move large supplies into storage. For the consumer the program assures a plentiful supply of reasonably priced butter at all times, particularly during the normally short winter season by providing for the release of supplies when stocks are low and thus preventing extremely high prices.

The Dairy Products Marketing Association was organized last June by producer cooperatives to conduct butter market stabilization operations to relieve an extremely unfavorable supply condition resulting from unusually good pastures, liberal feed supplies, and heavy milk production. Purchases by the association have been financed by a loan obtained from the Commodity Credit Corporation, recommended by the Secretary of Agriculture under the Agricultural Adjustment Act of 1938. The total loan has been authorized up to \$33,350,000 on up to 115,000,000 pounds of butter. The program combines the ever-normal granary idea and surplus removal for relief distribution. Most of the butter is to be held in storage pending developments in market conditions rather than distributed immediately in relief channels as under previous programs.

La Porte County Milk Marketing Program Is Under Amended Order

An amended order, effective August 20, provides for changes in pricing and in the classes of milk sold under the program which regulates the handling of milk in the La Porte County, Ind., marketing area.

Other modifications redefine producers and handlers of milk and name townships comprising the marketing area. The program, in effect since November 13, 1937, complements an Indiana State Milk Control Board order for handlers in the La Porte area.

COTTON BALE COVERING

(Continued from p. 3)

buy the cotton patterns was established to encourage the greatest possible use of the bagging under the program. The indemnity payment to be made will make up to the manufacturer the loss accruing from the sale of the cotton patterns at the established rate, which is lower than the cost of manufacture. The reason for having this new cotton material sold at 45 cents per pattern is to offset in part the loss which gross weight trading puts on farmers who use light weight covering.

The Lane Cotton Mills Co. will sell the patterns to producers, ginners, and cottonseed-oil mills located in or serving the one-variety and improved cotton communities, or to distributors of bagging material who agree to distribute the cotton bagging for use in these communities. Others having orders from producers, ginners, and oil mills located in or serving such communities may also purchase this bagging from the Lane Cotton Mills Co.

The bagging may be bought by eligible producers who obtain a certificate, from State directors of extension, State commissioners of agriculture, or county agents, stating that the area in which the bagging is to be used is a one-variety or improved cotton community. The certificates must be in writing but no set form has been prepared in which they are to be drawn. Certificates must accompany orders for bagging sent to the Lane Cotton Mills Co.

Hearing Considered Changes in Walnut Marketing Agreement Plan

Public hearings opened September 6 at San Francisco, Calif., on amendments to the Pacific coast walnut marketing agreement program. The hearings also considered the proposed portion of the supply of unshelled merchantable walnuts which may be sold in domestic commercial channels during 1938-39 under the program.

Texas Citrus Industry Acts on Marketing Agreement Amendments

A referendum has been completed to determine whether growers favor the issuance of an order covering proposed amendments to the Texas citrus marketing agreement program. The results of the vote will be available as soon as the tabulations are completed. In the meantime, an amended marketing agreement is before handlers for their signatures.